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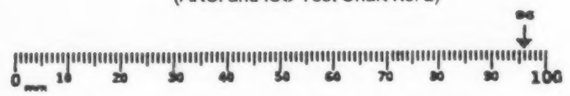

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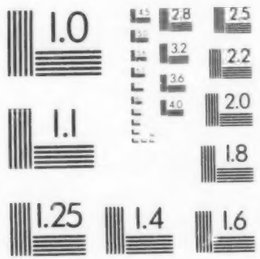

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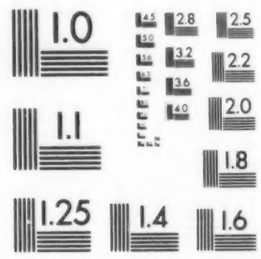

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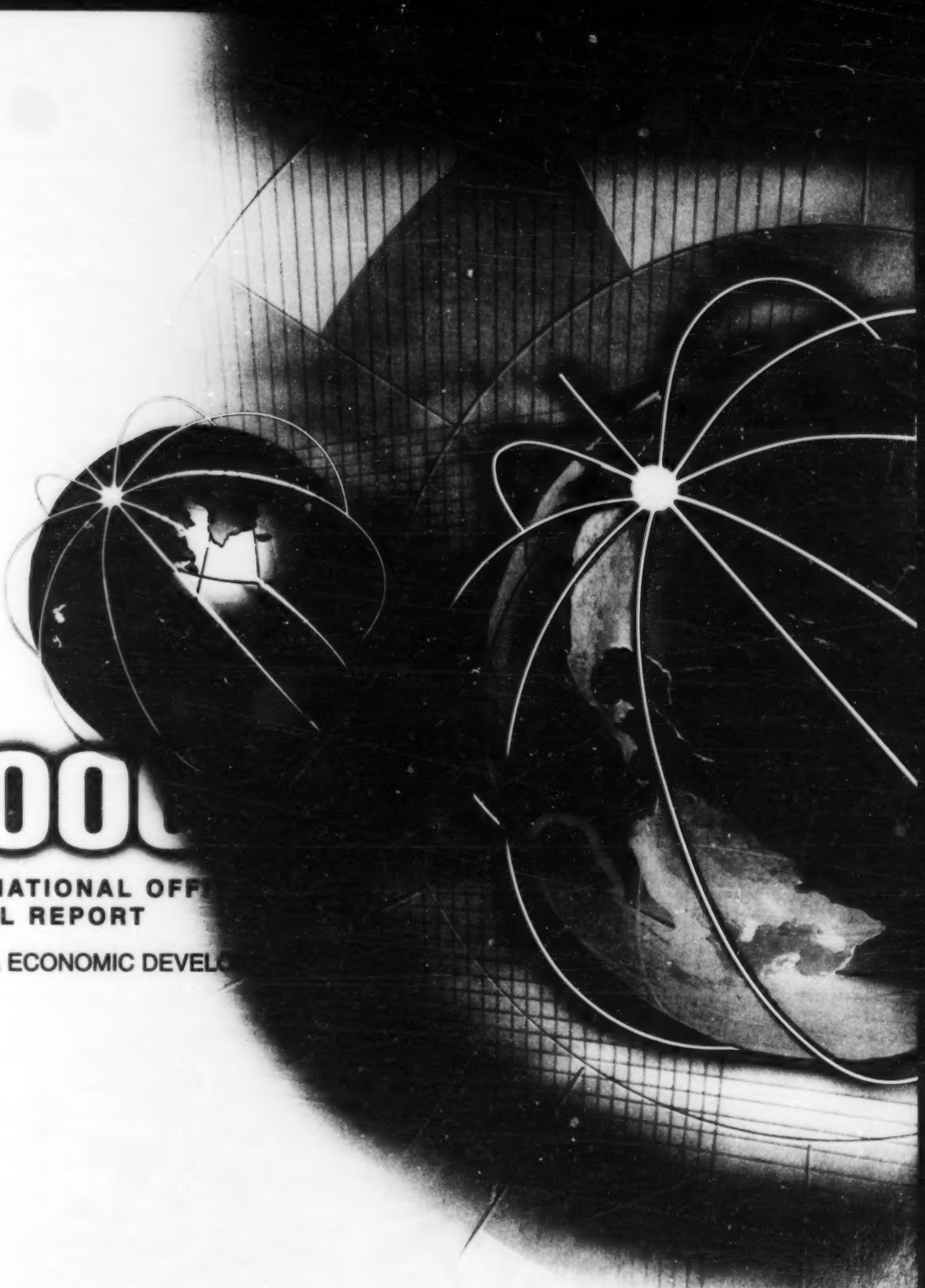

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INTERNATIONAL OFF
ANNUAL REPORT

ALBERTA ECONOMIC DEVEL

Alberta
GOVERNMENT OF ALBERTA
CANADA

101-07327/

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MINISTER'S MESSAGE

Business today is done in a highly competitive global environment. Only those with solid international reputations will succeed. Exporters must be able to identify emerging markets and adjust to the dynamics of global trade. Competitive intelligence is essential for those attracting investment and tourists. The ability to open doors in other cultures and develop long-term relationships abroad is essential.

Alberta has a long history of international representation. For more than 30 years, the Province's international offices have helped establish entry into international markets and have helped build important relationships with new trade and investment partners.

At the urging of its private-sector partners and stakeholders, the Alberta Government has re-evaluated its international representation network in order to better prepare Alberta for international competition.

In reviewing its current presence on the global stage, the Province assessed the strategic importance of existing representation and evaluated prospective locations for new international representation. It established a set of key roles and responsibilities and determined the type of representation, staffing levels and budgets required to enhance the profile of its international offices as advocates of the Alberta Advantage.

I am pleased to present the result of that evaluation, 2000-2001 International Offices Annual Report, a report that recommends not only the continued operation of the existing network, but its expansion into other key markets.

Mark Norris
Minister of Economic Development
MLA Edmonton-McClung

DEPUTY MINISTER'S MESSAGE

Alberta's profile on the world stage is very important to the province's competitiveness, to its level of international engagement and to its awareness of global trade and investment opportunities. Alberta's international representation is essential to increasing Alberta's profile on the global stage and enhancing the Province's reputation as a reliable supplier of high-quality goods and services.

Alberta businesses and international investors know a strong international presence is a key to establishing entry to international markets and attracting investment from abroad. More than one-third of the Province's economy is derived from the international trade of goods and services, including tourism. Investment in the Province's economy – both foreign and domestic – has at times accounted for one-quarter of Alberta's gross domestic product.

This annual report is an evaluation of Alberta's current international representation network. Most importantly, it is the benchmark by which the Province's success on the international stage will be measured in the future.

The results of the client survey in this report are outstanding. Almost all respondents would consider using the Province's trade offices again in the future. A majority thought the services provided were important to their business and most expressed the need for expanded international representation.

Alberta's international offices will continue to play an important role as catalysts in strengthening Alberta's economy.

The 2000-2001 International Offices Annual Report shows that our strategy for international economic development is sound, and it highlights Alberta as the best place in the world in which to live, work and invest.

Barry Mehr

Barry Mehr
Deputy Minister of Economic Development

EXECUTIVE SUM... THE MOST OF OUR POTENTIAL

The rewards of participating in a world-class economy are many: jobs, tourism, market growth through export, consumer choice and competitiveness through import, capacity growth through foreign investment, and vital and diverse additions to knowledge and human capital.

Alberta's world-class economy generates vast benefits for Albertans – one third of the Province's economy is derived from exports of goods and services outside national borders. In sustaining prosperity and making sure Alberta remains the best place in the world to live and work, there are serious challenges involved. Alberta must keep the world's attention if the Province's business community is to thrive in unfamiliar places and cultures.

Roles and Responsibilities of Alberta's International Offices

As front-line representatives and advocates of the Alberta Advantage, the Province's network of International Offices is meant to help Alberta make the most of its potential. Currently established in eight locations around the world, the offices showcase Alberta and the Alberta Advantage, gather market intelligence, facilitate business contacts and opportunities, and facilitate government-to-government contact. In their market development and investment attraction activities, they support a core business of the Department of Economic Development – market development and investment attraction. They are key to the implementation of Alberta's International Marketing Strategy. And they support the priorities and activities of a number of other government departments including Alberta Learning and International and Intergovernmental Affairs.

Budgeting and Expenditures

In pursuing their mandate, the offices consume financial and human resources. Generally the record is an efficient one. In 2000 – 2001 total expenditures of $4.8 million across the network came in nearly 3% under budget.

Results

As for the benefits Alberta derives from its $4.8 million expenditure, the analysis of three decades of some level of Alberta international representation has often relied on intuitive measurement. The assumption has generally been that, since the world rarely comes knocking on Alberta's door, it is up to government – acting on behalf of Albertans and charged with the responsibility of creating an environment that will fairly reward entrepreneurial effort and generate opportunity – to represent Alberta to the world.

Efforts to reinforce intuition with a more scientific evaluation began in mid-1998. These efforts led to a recommendation for the development of a performance measurement process in 2000, and, accordingly, have culminated in this report.

As indicators of either efficiency or effectiveness, data collected to date, though incomplete, suggest a significant, varied, and valuable level of activity throughout the international office system. The research is an initial effort that relies on less than a full year of data, and is best regarded as a foundation upon which future efforts will be based and performance targets set.

Still, the report is a crucial part of a learning process and an invaluable start to an ongoing effort. The base now exists. Flaws and strengths can be identified, processes adjusted, and benchmarks established.

With those qualifications, this report indicates excellent results. The first comprehensive survey of International Office clients within Alberta, for example, finds that:

- 81% of those using the network were satisfied with the services they received
- 71% of users believed that the services they received were valuable to their business
- 97% of users would consider using the offices again
- 62% expressed a need for more international offices in different locations with the most frequent mention given to Europe, South/Central America, and new locations in Asia.

As the client testimonials indicate, feedback provided by specific clients is favourable and provides an excellent link to the often project-specific progress reports submitted by the offices themselves. The perspective of International Office clients clearly favours not only a continued direct presence for Alberta in existing international locations, but an expansion of the network.

In keeping with that perspective and with the strategies mentioned earlier, Alberta is earning excellent returns on its financial commitment to the International Offices. This report recommends the maintenance of the present international office system and supports the recommendations of the international representation review.

BACKGROUND: ALBERTA IN A GLOBAL ECONOMY

With more than one-third of the value of the Alberta economy derived from international exports of goods and services (including tourism), trade is, and will remain, a critical component of the Province's overall economic well-being. Nearly 500,000 jobs can be linked to the business Alberta does in international markets.

Investment – both international and domestic – has accounted for as much as one-quarter of Alberta's gross domestic product. It has been estimated that for every $1 billion in foreign direct investment, approximately 45,000 jobs are generated.

The global economy is a highly competitive environment for export markets, investment attraction, and international tourism. Only serious contenders have any chance of significant success. To be successful, exporters must be at the leading edge of identifying market opportunities and be able to respond proactively to the dynamic world of international business. Accurate and timely competitive intelligence is essential. So is a keen understanding of how to open doors in a foreign culture, and the ability to build long-term business relationships with new business partners.

If the province is to remain competitive and prosperous, it must seize, continue to plan and operate proactively in international markets. This is a fundamental premise of this report and a foundation of Alberta's presence in these markets. It must actively engage trade partners, promote and build on its strengths and create its own opportunities.

Alberta Economic Development: Mission

Focusing on the government's Prosperity core business, Alberta Economic Development (AED) encourages the Province's business community to find new opportunities to expand business and create jobs by striving to ensure that Alberta is, and is known to be, **the best place in the world to live and do business.** AED leads the government's strategic marketing of Alberta as a credible player on the world economic stage. By doing so, the department contributes to the trade and investment required to grow the Alberta economy and the development and well-being of all Albertans.

To achieve its mission of promoting Alberta's continuing prosperity, AED concentrates on three core businesses:

1. Strategic leadership for economic development policy and planning
2. Market development and investment attraction
3. Tourism marketing and development

In relation to this report, the most relevant of AED's core businesses is market development and investment attraction.

The department promotes growth in trade of Alberta products and services from, and investment into, Alberta by focusing on markets and industry sectors with the greatest potential economic impact. Although Alberta's goods and services are exported to over 150 markets,

in keeping with Alberta's International Marketing Strategy (AIMS), efforts are focused on promoting value-added exports and investment.

AED works in partnership with the Alberta Economic Development Authority, the Strategic Tourism Marketing Council, business, industry associations and other provincial departments to achieve the following goals related to its core businesses.

Alberta Economic Development Goals

Alberta has a vibrant and versatile economy

Objective 1: Ensure the most important challenges and opportunities facing the Alberta economy are addressed

Alberta's businesses, communities and industry sectors are globally competitive

Objective 1: Increase participation of Alberta communities in regional economic development

Objective 2: Enhance the knowledge and capabilities of Alberta's manufacturers and service providers to export their goods and services

Objective 3: Increase the number of investment leads generated and serviced within target markets

Objective 4: Increase the competitiveness of Alberta's industrial manufacturing and service sectors

Alberta is a globally competitive tourism destination

Objective 1: Increase Alberta's share of visitors and revenue from targeted international and Canadian markets

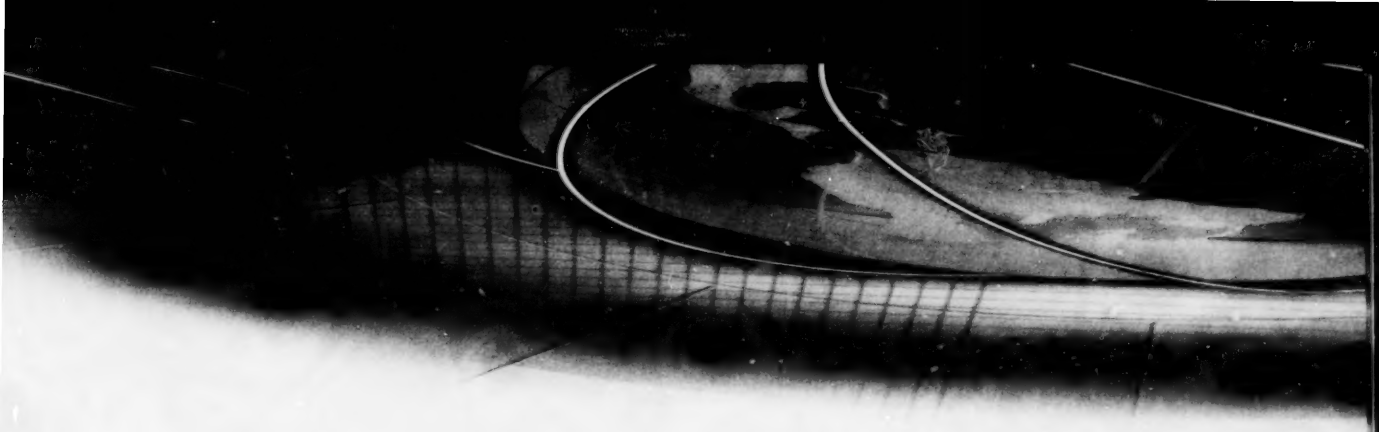
Objective 2: Facilitate the growth and expansion of marketable tourism product

Opening Doors: The Role of Alberta's International Offices

Key Services

The role of Alberta's International Offices is to assist the private sector in generating business between Alberta-based companies and companies and governments in the countries or regions in which the offices are located. To fulfill this role, the offices provide four key services at varying levels of capacity depending on allocated financial and human resources.

1. Showcasing Alberta and the Alberta Advantage in international markets: promoting an awareness and knowledge of Alberta-based companies and the Alberta Advantage, assisting incoming and outgoing trade missions and trade shows, and marketing Alberta as an investment, tourist and immigrant destination.
2. Gathering market intelligence: building and maintaining a network of government and business contacts in markets local to each particular International Office, and collecting and providing competitive intelligence to Alberta-based companies that identify



business opportunities and sources of investment in the local market.

3. Facilitating business contacts and opportunities: identifying business, scientific, technology, and educational opportunities, building and providing expertise on how to do business in the local market, and facilitating business introductions on a proactive and reactive basis.
4. Facilitating government-to-government contact: building intergovernmental relations with key decision-makers to support Alberta's trade and investment goals.

Alberta's International Marketing Strategy (AIMS)

In 2000, the Alberta Government launched its International Marketing Strategy as part of "Alberta's Framework for International Strategies." Focusing on those regions and industrial sectors that offer the greatest possibilities for new or expanded business – markets that offer the highest potential return on the investments and efforts Alberta makes to tap into them – the strategy identifies priorities, selects the best initiatives, and develops activities to achieve economic growth.

The priority trade and investment markets identified in AIMS 2000 generally reflect the current geographic mix of Alberta's International Offices (with the exception of the European Union).

The priority trade markets are: the United States, Mexico, Japan, China, South Korea, Germany, and the United Kingdom.

The priority investment markets are: the United States, China, Japan, Hong Kong, Taiwan, Germany, the United Kingdom, the Netherlands, and Switzerland.

The strategy recognizes that government creates and maintains an environment that helps businesses develop and pursue trade and investment opportunities. In this context, Alberta's International Offices are, essentially, charged with the front-line responsibilities for strategy implementation.

Federal-Provincial Co-ordination

The federal government promotes and represents interests that in some ways tend to mirror those of Alberta's International Offices. A dual federal-provincial presence in the same market, however, is not considered a duplication of effort or service. It would, for example, be difficult for a federal representative to speak to the Alberta Advantage without compromising responsibilities to Canada's other regions. In fact, experience shows that Alberta is its own best spokesperson and advocate.

Advocacy: Mediating Cultural Diversity

It is worth emphasizing this fundamental and crucial role that crosses all of the responsibilities and activities of Alberta's international representatives. Though the global economy has

become much more highly integrated, individual political and business cultures remain intact.

Attempting to enter one of these cultures or markets "cold" is a strategy that meets with frustration more often than success. The potential barriers for the uninformed or uninitiated are nearly limitless – different languages, business or cultural protocols, traditions and customs, rules and regulations can stymie even the best of business or government partnerships.

Whether focusing on incoming Alberta goods and services or outgoing investment or immigration, Alberta's International Offices – especially those outside the U.S. – are able to surmount the barriers through a unique combination of expertise on Alberta and daily immersion in the cultural, political, and economic infrastructure of the international market.

Assistance to Other Alberta Departments

The activities of many of Alberta's International Offices cross departmental lines of responsibility. For example, there is a two-way flow of information and counsel in the areas of energy and agriculture trade and investment.

As well, the offices – especially those in Hong Kong and Tokyo – actively support the work of Alberta Learning's international education activities. They provide valuable assistance and advice in the planning of education missions to Asia and with other Alberta-initiated projects such as student recruitment and marketing of educational goods and services. These offices also gather information on opportunities available for Alberta students, teachers, and schools (e.g., student exchanges, study tours, competitions, teacher professional development, and scholarships). Through the efforts of these offices, the internationalization of the Alberta education system is enhanced, international networks are established and the profile of the Alberta education system is raised in the Asia-Pacific region.

For its part, the Department of International and Intergovernmental Relations seeks to strengthen Alberta's intergovernmental relations with key international economic partners. Its role is to help ensure Canadian foreign policies and positions reflect Alberta's priorities and interests. Alberta's International Offices assist this by:

- facilitating intergovernmental contacts with governmental contacts in key markets
- assisting with logistics and program arrangements for incoming missions involving Alberta government ministers and officials
- providing advice and intelligence on developments and opportunities relevant to the advancement of Alberta's interests in the region
- promoting Alberta's international priorities and positions to foreign governments and Canadian posts abroad
- liaising and enhancing communications with Alberta's sister provinces in their areas of responsibility.

PRESENT LOCA... ALBERTA'S INTERNATIONAL OFFICES

Alberta has had a network of international representatives for the past three decades. During this time, the form and extent of representation has changed in response to the demands of the international and Alberta economies.

Alberta presently operates eight International Offices with a focus on Asia. These offices are designed, among other things, to help bridge cultural gaps that, in the absence of representation, would otherwise constitute real barriers to significant levels of incoming or outgoing economic activity within these markets.

Full-Service Offices

This is the highest level of service provided by Alberta's International Offices and offers the greatest breadth of services and sectoral focus. Full-service offices have the resources to be proactive in the market and can reallocate these resources according to immediate and long-term priorities. The staff complement ranges from seven to 10.

Alberta offers full services in Japan and China.

Alberta Japan Office, Tokyo: *At A Glance*

Established:	1970	
Type:	Stand-alone office (located within the Canadian Embassy complex)	
Services:	• Focuses on market intelligence and marketplace services to Alberta businesses, establishing business relationships with Japanese companies, expanding trade opportunities in Japan for Alberta business • Also involved in investment attraction and tourism and educational opportunity attraction	
Staff:	Posted: 1 Locally Engaged: 9	
Actual Expenditures (2000-2001):		$1,925,000
Total Alberta Exports (2000):		$1.3 billion (rank: 2nd)
	Manufactures (1996 – 2000 Average):	$737.3 million (rank: 2nd)
Foreign Direct Investment In Canada (1999):		$6.4 billion
Market Size (2000)	Nominal GDP:	US $4.8 trillion
	Population:	126.6 million
	GDP/ Capita:	US $26,070 purchasing power parity
Other:	• 27 linkages and cooperation agreements between post-secondary institutions in Alberta and Japan • Formal twinning agreement between Alberta and Hokkaido signed in 1980	

PRESENT LOCATION AND STRUCTURE OF ALBERTA'S INTERNATIONAL OFFICES

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Alberta China Office, Beijing, Harbin and China National Petroleum Corporation – Alberta Petroleum Centre, China: *At A Glance*

Established:	China National Petroleum Corporation – Alberta Petroleum Centre: 1989 Beijing Office: 2000		
Type:	Co-located with Canadian Embassy		
Services:	• Market intelligence and services to Alberta businesses seeking to enter the Chinese market establishing business relationships with Chinese companies, expanding trade opportunities in China • Alberta China Office also promotes the Alberta Advantage and encourages Chinese investment in Alberta • Harbin contract representative focuses on sectoral opportunities in northeast China • China National Petroleum Corporation – Alberta Petroleum Centre advances petroleum and environmental science, technology, education and human resource transfers between Alberta and China		
Staff:	Beijing:	Posted: 2	Locally Engaged: 4 in Beijing, 1 contract in Harbin
	CNPC – APC:	Posted: 1	Locally Engaged: 2
Actual Expenditures (2000-2001):			$1,346,000
Total Alberta Exports (2000):			$740.6 million (rank: 3rd)
	Manufactures (1996 – 2000 Average):		$293 million (rank: 4th)
Foreign Direct Investment In Canada (1999):			$201 million
Market Size (2000)	Nominal GDP:		US $1.1 trillion
	Population:		1.26 billion
	GDP/ Capita:		US $4,670 purchasing power parity
Other:	• A variety of memoranda of understanding signed with the Chinese Government including technical, beef and environmental protection issues • Beijing office provides general direction to all Alberta offices in the Greater China market • Formal twinning agreement between Alberta and Heilongjiang with one contract representative located in Harbin, its capital		

Mid-Level Service Offices

Mid-level service provided by Alberta's International Offices provides the same span of client services as a full-service office but with more limited resources. Given fewer staff, the depth of services and sectoral focus relative to full-service is reduced. This level of service is frequently more reactive than proactive. Staff levels range from three to four.

Alberta offers mid-level services in Hong Kong and South Korea.

Alberta Hong Kong Office: *At A Glance*

Established:	1980	
Type:	Stand-alone office	
Services:	• Provides market intelligence, information, analysis, export counseling, identification of business partners in trade and investment for Albertans • Promotes Alberta Advantage in Hong Kong, southern China, Taiwan and Southeast Asia • With Hong Kong being the primary source for international student recruitment, office is actively engaged in this activity • Assists in the Taiwan business program	
Staff:	Posted: 1 Locally Engaged: 3	
Actual Expenditures (2000-2001):		$555,000
Total Alberta Exports (2000):		$105.5 million (rank: 15th)
	Manufactures (1996 – 2000 Average):	$89.2 million (rank: 11th)
Foreign Direct Investment In Canada (1999):		$3.1 billion
Market Size (2000)	Nominal GDP:	US $163.2 billion
	Population:	6.9 million
	GDP/ Capita:	US $27,310 purchasing power parity

Alberta South Korea Office, Seoul: *At A Glance*

Established:	1988	
Type:	Co-located with Canadian Embassy	
Services:	• Positions Alberta as a place to be included in Korean business decisions • Provides information, services, and market intelligence relating to trade, tourism, investment and business immigration opportunities • Promotes Alberta as a place of study	
Staff:	Posted: 1 Locally Engaged: 2	
Actual Expenditures (2000-2001):		$504,000
Total Alberta Exports (2000):		$543.9 million (rank: 4th)
	Manufactures (1996 – 2000 Average):	$345.7 million (rank: 3rd)
Foreign Direct Investment In Canada (1999):		$148 million
Market Size (2000)	Nominal GDP:	US $457.2 billion
	Population:	47.3 million
	GDP/ Capita:	US $17,140 purchasing power parity
Other:	• Specific investment projects include work in energy, agriculture and construction • Works with International and Intergovernmental Relations on projects in Kangwon, Alberta's sister province	

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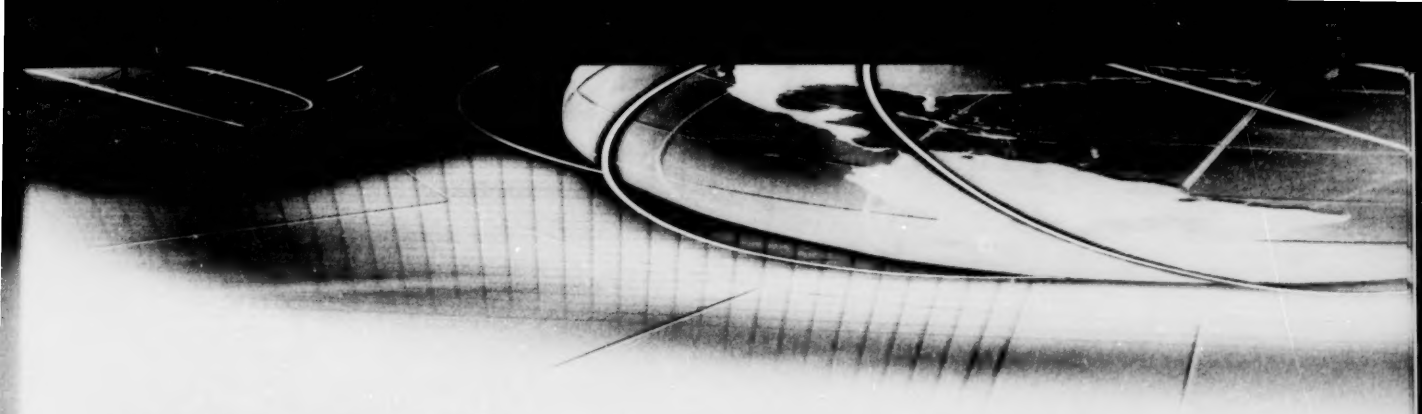

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	Manufactures (1996 – 2000 Average):	$345.7 million (rank: 3rd)
Foreign Direct Investment In Canada (1999):		$148 million
Market Size (2000)	Nominal GDP:	US $457.2 billion
	Population:	47.3 million
	GDP Capita:	US $17,140 purchasing power parity
Other:	• Specific investment projects include work in energy, agriculture and construction • Works with International and Intergovernmental Relations on projects in Kangwon, Alberta's sister province	

Limited-Sectoral Service Offices

Limited-sectoral service commonly operates on a contractual basis with a single individual and a focus on one or two specific sectors. In general, this level of services operates proactively in key sectors and on a reactive basis for other inquiries.

Alberta offers limited-sectoral services in Portland, U.S.A.; Harbin, China (incorporated in China description); Taipei, Taiwan; and Guadalajara, Mexico.

Alberta USA Office, Portland, Oregon: *At A Glance*

Establishment:	• 1999 by Agriculture, Food and Rural Development following a two-year pilot project • 2000; moved and began reporting to Economic Development	
Type:	Stand-alone office	
Services:	• Mandate now includes all priority sectors • Focus on providing market intelligence, leads and business facilitation services to Alberta businesses entering the western US market • Supports strategic alliances, joint venture and investment creation, improved market access and enhanced trade relations with key US states	
Staff:	Posted: 1	
Actual Expenditures (2000-2001):		$268,000
Total Alberta Exports (2000):		$49 billion (rank: 1st)
	Manufactures (1996 – 2000 Average):	$10.4 billion (rank: 1st)
Foreign Direct Investment In Canada (1999):		$173.3 billion
Market Size (2000)	Nominal GDP:	US $9.7 trillion
	Population:	274.5 million
	GDP/ Capita:	US $37,177 purchasing power parity
Other:	• In keeping with initial mandate, strong focus on value-added food products remains • Office supports in-region broker profiling to help Alberta companies find representation in the marketplace	

Alberta Mexico Office, Guadalajara: *At A Glance*

Established:	1995, contracted a consultant with introduction of NAFTA	
Type:	Stand-alone office	
Services:	• Provides ongoing market intelligence and network contacts designed to expand trade between Alberta and Mexico, especially the state of Jalisco • Sectoral scope expanded to include forestry, environment, construction, educational exchanges, student recruitment and tourism	
Staff:	Local agent: 1 representative	
Actual Expenditures (2000-2001):		$51,000
Total Alberta Exports (2000):		$347.9 million (rank: 5th)
	Manufactures (1996 – 2000 Average):	$114 million (rank: 9th)
Foreign Direct Investment In Canada (1999):		$500 million
Market Size (2000)	Nominal GDP:	US $561 billion
	Population:	97.4 million
	GDP/ Capita:	US $10,075 purchasing power parity

Alberta Taiwan Office, Taipei: *At A Glance*

Established:	1993	
Type:	Co-located with Canadian Trade Office	
Services:	• Promotes Alberta Advantage • Provides ongoing market intelligence and facilitates activities of Alberta business in Taiwan	
Staff:	Locally Engaged: 2 (the representative's position, re-staffed in April 2001, was vacant for all of 2000)	
Actual Expenditures (2000-2001):		$86,000
Total Alberta Exports (2000):		$219.1 million (rank: 6th)
	Manufactures (1996 – 2000 Average):	$207.5 million (rank: 5th)
Foreign Direct Investment In Canada (1999):		$84 million
Market Size (2000)	Nominal GDP:	US $310.1billion
	Population:	22.1 million
	GDP/ Capita:	US $22,551 purchasing power parity
Other:	• In addition to its significance as a trade partner, Taiwan continues to be a key source for business immigration	

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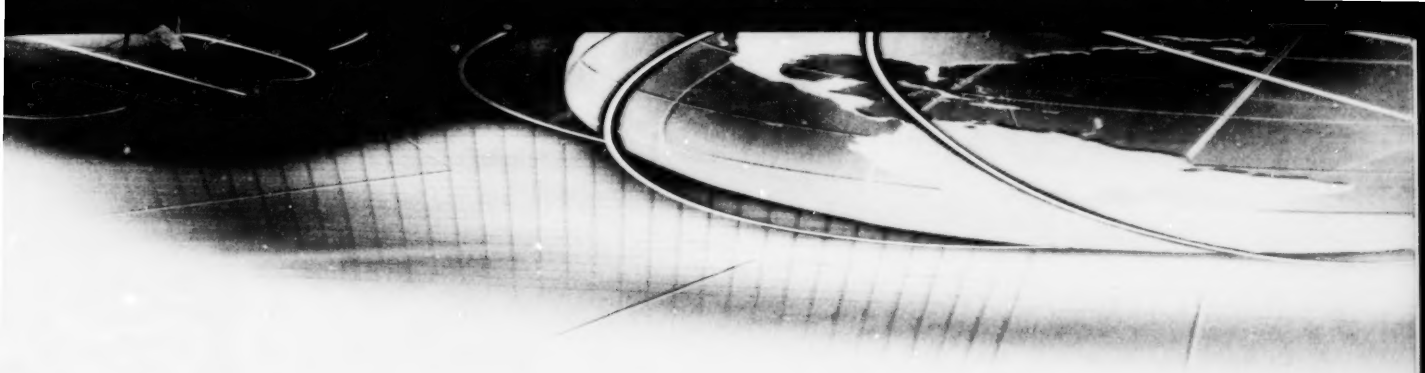

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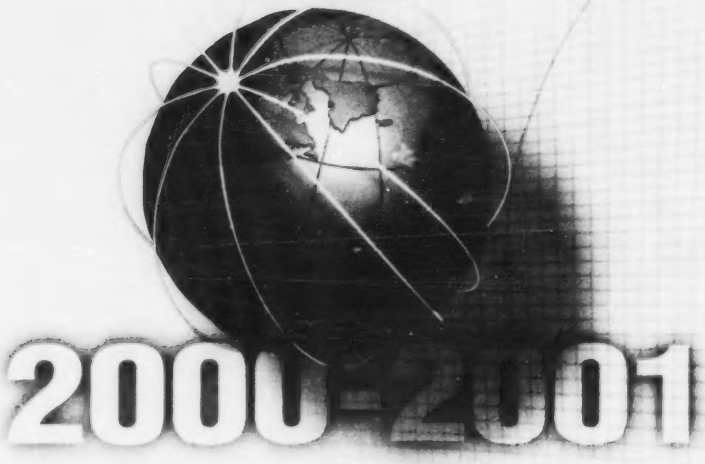
PERFORMANCE MEASUREMENT: SETTING STANDARDS, ASSESSING THE INDICATORS

In January 2000, an updated International Representation Strategy was presented to the Economic Sustainability Standing Policy Committee (SPC). During that session, SPC approved the recommendation that existing representation levels in Asia and the U.S.A. be maintained at current levels and that representation in Mexico and the European Union also be established.

However, before implementing any of the recommendations presented in the strategy, SPC required that Alberta Economic Development:

- develop performance measurement processes for Alberta's International Offices as outlined in the Alberta International Marketing Strategy and the International Representation Strategy
- conduct a comprehensive evaluation of Alberta's existing International Offices using these performance measures
- present to SPC the performance measures and the results of the comprehensive evaluation.

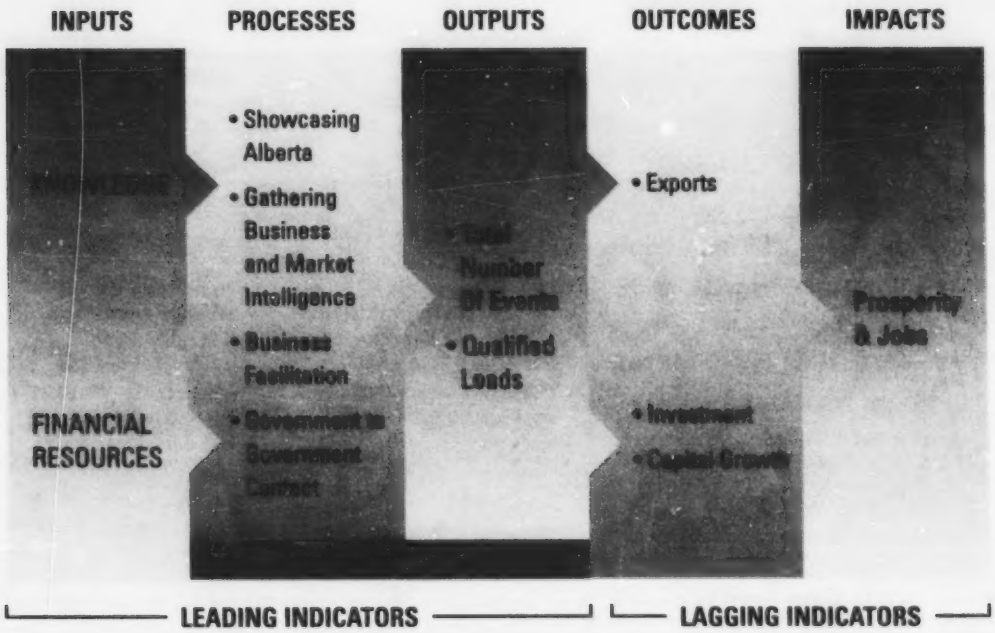


The measurements fall under the following categories:

- Inputs – knowledge and financial resources
- Processes – showcasing Alberta, providing market intelligence, business facilitation and government-to-government contact
- Outputs/Outcomes – anticipated sales and investment
- Impacts – exports and capital growth leading to prosperity and jobs

The relationships among these measures are depicted in Figure 1. Figure 2 provides the detailed measures for each of these activities. The framework was developed in consultation with specialists in the field and Alberta Economic Development Authority.

FIGURE 1:
PERFORMANCE MEASUREMENT FRAMEWORK FOR INTERNATIONAL OFFICES



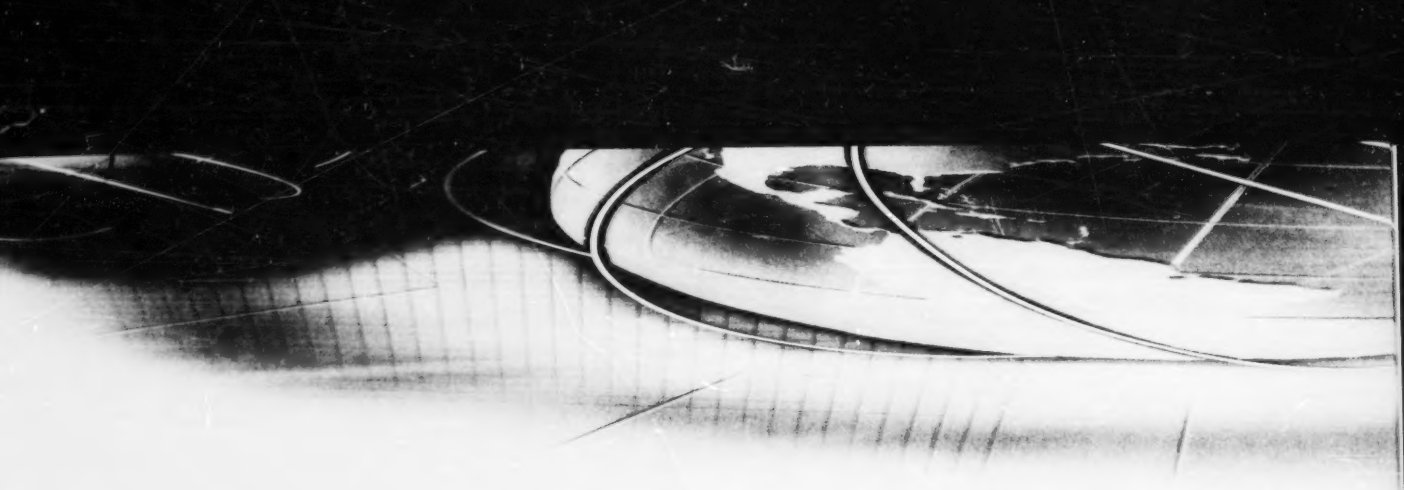


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FIGURE 1:
PERFORMANCE MEASUREMENT FRAMEWORK FOR INTERNATIONAL OFFICES

INPUTS	PROCESSES	OUTPUTS	OUTCOMES	IMPACTS
KNOWLEDGE	• Showcasing Alberta • Gathering Business and Market Intelligence	• Total Number Of Events	• Exports	Prosperity & Jobs
	• Business Facilitation	• Qualified Leads		
FINANCIAL RESOURCES	• Government to Government Contact		• Investment • Capital Growth	

LEADING INDICATORS — LAGGING INDICATORS

FIGURE 2:

PERFORMANCE MEASURES FOR INTERNATIONAL OFFICES

ACTIVITIES	CORE MEASURES	SUPPLEMENTARY MEASURES	METHOD
INPUTS			
[illegible]	[illegible]		• [illegible]
Knowledge and Innovation			
Measuring staff resources and the currency of knowledge and skills		1a. Percent of staff meeting minimum training requirements	• Employee Development Plans (dept.)
CRITICAL BUSINESS PROCESSES/OUTPUTS			
[illegible]	[illegible]	[illegible]	• [illegible]
Market Intelligence			
Measuring usefulness of information on emerging opportunities within the target market		2b. Number of visits recorded on website on competitive intelligence webpage 2c. Number of website content updates	• Website tracking (offices and dept.)
Business Facilitation			
Measuring the type and method of inquiry, the action taken in response and the effectiveness of matching Alberta and local business	4. Total qualified leads	4a, b, c. Number of inquiries by type, method and response 4d. Number of business introductions 4e. Number of introductions leading to negotiations/follow-up; number of partnering agreements (e.g., MOUs)	• Client tracking (offices) • Project tracking (offices) • Inquiry/activity tracking (offices)
Client Satisfaction			
Measuring satisfaction of clients that International Offices are providing a value-added service	5. Overall client satisfaction	Percent of clients satisfied with: 5a. Value of market intelligence 5b, c. Advice on local business and cultural practices 5d. Support to ministerial missions	• Client Survey (dept.) - Alberta exporters and business - Local importers and investors - Partnering Ministries and authorities
OUTCOMES			
[illegible]	[illegible]		• [illegible]
Exports/Foreign Direct Investment			
Measuring overall export/investment performance	7. Value of total exports to target market	7a Value of manufactured exports to target market	• Economic research (dept.)

Measuring Performance

Pursuant to the developed performance evaluation framework, a performance measurement and reporting system, along with a client survey, have been designed to gather and evaluate information pertaining to the operations and effectiveness of Alberta's international office system.

Largely as part of their normal administrative processes,[1] the offices collected data and compiled information in monthly and quarterly reports for the six-month period ending in March 2001. While the information does not account for the results of the entire fiscal year, it does reflect current performance and enables the establishment of targets for the next fiscal year. (Appendix Two summarizes the performance reports submitted by the International Offices for the period October 2000 to March 2001.)

To supplement the evaluation exercise, a survey designed to gather client feedback on International Office performance was administered in April 2001. As the first comprehensive attempt to gather this kind of information, Alberta clients and international-based clients were contacted to discuss the services they had received from the offices since January 1999. Since the services offered vary from one office to the next, the survey focused on those common to all offices. These services are business facilitation, the provision of market intelligence and the provision of advice on cultural practices.

Approximately 60% of Alberta clients who received services from the offices participated in the telephone/web-based survey.[2] Almost half of the respondents were from the private sector and one-quarter worked in government. The usage patterns reported in the survey suggest that the offices service a regular group of clients who originate largely from the private sector. About 30% of international clients contacted chose to participate.[3]

Results at a Glance

During the last six months of the fiscal year, Alberta's network of international offices had responded to approximately 1,300 business inquiries. Survey findings indicate that the most common types of inquiries involved gathering market or competitive intelligence, obtaining business leads information (e.g., company name and contact information), and planning a trade mission, visit or other meeting in the target market.

Alberta companies and government officials report contacting the offices to obtain a translator for a meeting, investigate product demand in the target market, coordinate sales activities, request assistance with participation in a trade show, seek advice on local cultural practices and arrange participation in a seminar hosted by the office.

1 *Administrative performance data were not collected in Mexico or Taiwan because of labour and resource limitations.*

2 *The results presented reflect the total users (366 users) not individual clients (244 respondents), as one respondent may be the user of more than one office.*

3 *Questionnaires were translated into the local language and mailed to international clients for self-completion. One hundred and fifty respondents had completed and returned their questionnaires prior to the preparation of this report.*

Success Story: Japan

Regional Seminars Generate New Business

Alberta's Japan Office pursues a strategy of exploring market opportunities in key regional markets in Japan. In keeping with that strategy, a regional business seminar was held in [illegible] in June 2001. [illegible] representatives have met with a total of approximately 800 companies and, as a direct result, generated new business estimated at up to $10 million.

FIGURE 2:

PERFORMANCE MEASURES FOR INTERNATIONAL OFFICES

ACTIVITIES	CORE MEASURES	SUPPLEMENTARY MEASURES	METHOD
INPUTS			
Financial Resources Measuring resource use	1. Budget allocation		• Finance system (dept.)
Knowledge and Innovation Measuring staff resources and the currency of knowledge and skills		1a. Percent of staff meeting minimum training requirements	• Employee Development Plans (dept.)
CRITICAL BUSINESS PROCESSES/OUTPUTS			
Showcasing Alberta Abroad Measuring awareness of Alberta products and business in the target market to support market entry and investment attraction	2. Total number of events and participants 3. Number and size of inbound and outbound missions	2a. Number of media references and market awareness of Alberta	• Inquiry activity tracking (offices) • Project tracking (offices) • Market Awareness Survey (dept.)
Market Intelligence Measuring usefulness of information on emerging opportunities within the target market		2b. Number of user sessions on website on competitive intelligence webpage 2c. Number of website content updates	• Website tracking (offices and dept.)
Business Facilitation Measuring the type and method of inquiry, the action taken in response and the effectiveness of matching Alberta and local business	4. Total qualified leads	4a, b, c. Number of inquiries by type, method and response 4d. Number of business introductions 4e. Number of introductions leading to negotiations follow-up; number of partnering agreements (e g., MOUs)	• Client tracking (offices) • Project tracking (offices) • Inquiry activity tracking (offices)
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OUTCOMES			
Sales/Investment Commitments Measuring anticipated sales or investments in target market	6. Total investments		• Economic research (dept.)
Exports/Foreign Direct Investment Measuring overall export investment performance	7. Value of total exports to target market	7a Value of manufactured exports to target market	• Economic research (dept.)

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Alberta's Japan Office pursues a strategy of exploring market opportunities in key regional markets in Japan. In keeping with that strategy, a regional business seminar was held in Sapporo in June 2000, deliberately coinciding with the 20th anniversary of the Alberta – Hokkaido twinning relationship. Planned and implemented in partnership with a variety of Alberta- and Japan-based stakeholders, more than 160 companies attended the seminar with more than 90% expressing satisfaction with the experience. Combined with other seminars held in nearly a dozen other regions, Japan Office representatives have met with a total of approximately 800 companies and, as a direct result, generated new business estimated at up to $10 million.

Success Story: Portland, Oregon, U.S.A.

Office Opens Markets for Alberta Company

Through introductions made by Alberta's Office in Portland, an Edmonton- based pasta manufacturer was provided direct access to the California marketplace. The

"In exploring potential markets and trying to attract investment equity for our state-of-the-art pork processing plant in Barrhead, I was very impressed with the work of Alberta's office in Japan. The staff's understanding of the international market and working with business people in other cultures has been invaluable. Without the help of your office, our project would probably not happen."

George Visser, President,
Barrhead Pork Processing Inc.
Barrhead, Alberta

As a result of marketing activities by the offices, businesses and individuals in the target market also contacted the offices to inquire about investment and tourism information.

Preliminary results suggest that, in general, inquiries made of Alberta's International Offices are handled in good time and in a satisfactory manner. In addition, approximately three-quarters of Alberta-based respondents were satisfied with the market intelligence provided by the office and believed that this information was important to their business performance and prospects. Of the three services assessed by these respondents, market intelligence was deemed to be the most important to their business in the international market. Satisfaction ratings for the offices' advice on cultural practices were also upwards of 75%. However, the overall importance of this service is not perceived as highly as the market intelligence provided by the office.

"[While we were in Japan,] we found our discussions most interesting, and the information you provided helped us very much in developing a better understanding of Japanese industry and the importance of it to Alberta barley producers. We would like to maintain an open relationship with your office in the future to help us stay informed and perhaps work together on matters of mutual interest when the opportunity arises."

Clifton Foster, General Manager
and Ken Sackett, Chairman
Alberta Barley Commission
Calgary, Alberta

On average, 63% of international clients were satisfied with market intelligence and 71% were satisfied with advice on cultural practices provided by the offices. Both services were also rated as important to a majority of international clients. These findings suggest opportunities for improvement in relaying information to international clients about investment opportunities in Alberta, the Alberta economy, the norms of doing business in Alberta and the English language.

"I am especially grateful for the time and care in which you explained the varying nuances of the Japanese market. Time and time again you have proven to be a great ambassador of Alberta: your continued kind support is truly appreciated."

Stephen Huggins,
Representative Director & Vice President
Walton Development (Asia) Ltd.
Tokyo, Japan
Head Office: Calgary, Alberta

The excellent service provided by the offices becomes increasingly evident in the results of their business facilitation activities. Of the three services assessed by the Alberta client survey, business facilitation received the highest satisfaction rating. Approximately half of the inquiries to the International Offices resulted in business facilitation activities. Four of every five Alberta users were satisfied with the offices' assistance with business facilitation. Seven of every 10 users thought this service was important to their business. The reasons for this satisfaction are demonstrated by the follow-up done by the offices themselves, which show that nearly 45% of business introductions produced strong sales or investment leads or negotiations for Alberta clients within six months of the initial meeting.

"You made my trip to Tokyo a truly memorable event. I learned a lot about the Japanese food industry and gained valuable insights that will help me better serve my clients."

J.R. Kelly Rich, Senior Manager, Alberta South Agricultural Financial Services Corporation Calgary, Alberta

For international clients, 76% rated the business facilitation services provided by the offices as satisfactory and 65% thought it was important to their business.

"You did an outstanding job supporting our organization while we were in Hong Kong. You went the extra mile to set up the right meetings, support us at those meetings and provide use of your offices for our presentations. As a result, Teilhard Technologies is set to increase sales and create employment in both countries."

Terry Mitchell President and CEO, Shopplex.com Corporation Calgary, Alberta

Success Story: Hong Kong

High Impact Facilitation for High Tech Investments

The Hong Kong Office has successfully facilitated a $500,000 biotechnology investment project into Alberta. The project involves the advanced use of microbes to convert waste and harmful substances into [illegible] communication infrastructure, together with the information technology.

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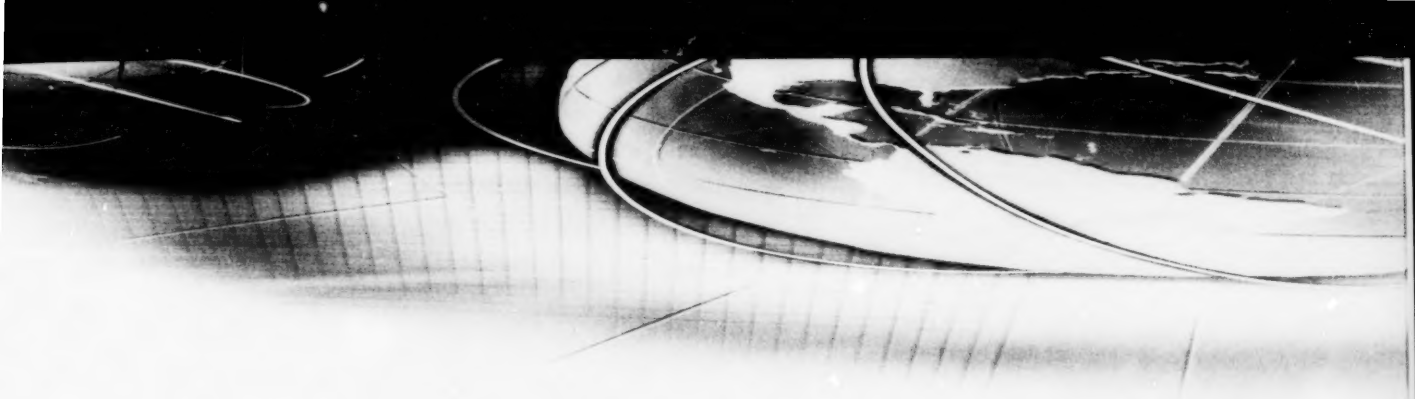

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The Hong Kong Office has successfully facilitated a $500,000 biotechnology investment project into Alberta. The project involves the advanced use of microbes to convert waste and harmful substances into fertilizer. Investment capital will be increased to $2 million in two years. Also noteworthy is the formation of a strategic alliance between an Alberta information technology firm and a reputable newspaper group in Hong Kong for the development and delivery of e-learning in mainland China. An initial contract value of $750,000 was recorded for the provision of the necessary network and communication infrastructure, together with the information technology.

Success Story: South Korea

World Class Oil Sands Resource Attracts Potential Investment

The Korean National Oil Corporation (KNOC) and the Alberta Government signed a joint Memorandum of Understanding (MOU) in February 2001 to examine investment opportunities in Alberta's oil sands industry. Signed in Seoul during a Team Canada Trade Mission to the Far East, the MOU includes provisions for a KNOC team to visit Alberta to gain a first-hand understanding of the oil sands resource and to work toward a subsequent major mission of Korean energy companies to Alberta to further investigate the opportunities. Alberta's Economic Development Minister credited the Province's International Office in Seoul for having laid the groundwork leading to the MOU and other potential Korean investment in Alberta.

The offices' mandate includes promoting awareness of Alberta abroad. Activities toward this end involve organizing trade missions of Alberta companies, hosting information sessions for international investors and, in some cases, hosting a website that showcases Alberta. These promotional activities have involved approximately 3,500 seminar participants and have resulted in more than 40 references in international media and almost 70,000 user sessions on various office websites. Generally speaking, the more intense the marketing effort, especially in full-service offices, the greater the volume of inquiries generated. Full service offices also prove to be indispensable in the organization of trade missions to target markets. Specifically, full-service offices participated in the organization of 100 of 132 outgoing missions to the target markets in the last six months of the fiscal year, and an additional 68 incoming missions to Alberta. The results indicate that the higher the staff complement in any given office, the more opportunities there are to facilitate trade missions.

> *"Thank you for arranging for my trip to Liaohe. It was a good experience and I now have a better understanding of what oilfield people would like to know. I will e-mail more information on down-hole temperature and pressure monitoring device and sand lifting technology as requested by the Liaohe people."*
>
> *K.C. Yeung*
> *Supervisor, Special Services, Heavy Oil*
> *Suncor*
> *Calgary, Alberta*

> *"We have received valuable market intelligence, trade show assistance and contacts that have allowed us to make important business decisions and to move ahead with fewer impediments than we could have on our own."*
>
> *Carlo Facchin, CEO*
> *Prairie Harvest Canada Ltd.*
> *Edmonton, Alberta*

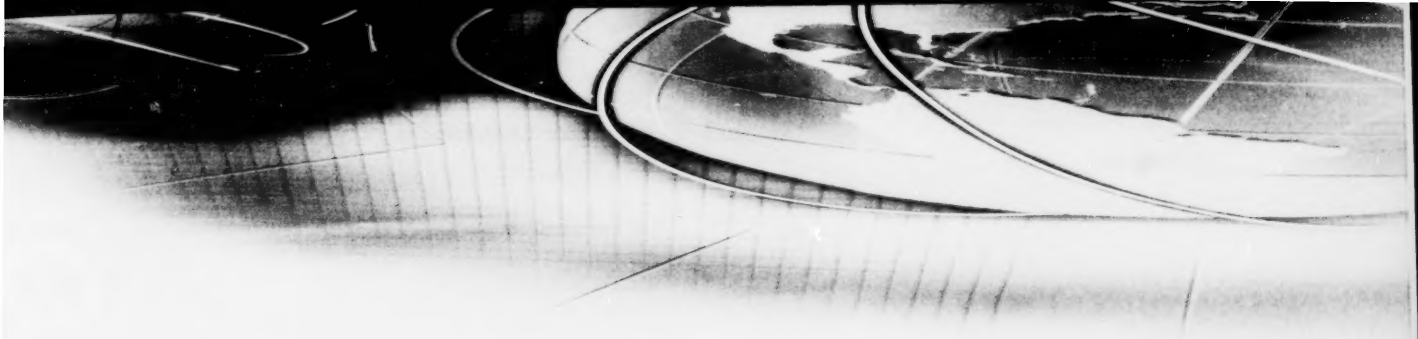
Aggregated, the feedback received affirms the overall value of the offices, a finding anecdotally confirmed by individual comments that suggested improvement along the lines of expanded staffing or improved communications. For example:

> *"[The] offices should have a larger and more diverse staff to develop the partnerships better."*

> *"[The offices should] have regular communication, like a monthly report they could disseminate electronically."*

> *"There needs to be a more concerted effort to inform Alberta companies and economic development agencies of the presence of these ... offices and benefits of using them."*

> *"Keep the communication links open and inform us of the various related opportunities. We appreciate getting the information that [the offices] do send us, but maybe send it earlier so we have more lead time to work on it."*



Expanding the existing network of international offices was also a common theme. More than 60% of Alberta respondents agreed there was a need for additional offices in other markets. The locations most often mentioned for expansion included Europe (especially the United Kingdom and Germany), South Central America and Asia.

As a further affirmation of the value of the offices, 97% of Alberta and international survey respondents said they would consider using the offices again in the future if the need for the services offered arose.

All in all, office activity levels, feedback and the client survey reflect a valid and crucial role for the offices. Four of every five Alberta and international survey respondents expressed overall satisfaction with the International Offices. Seven of every 10 Alberta respondents believed that the service provided was valuable to their businesses.

Success Story: China

New Contracts and Platforms for Growth

The Team Canada Mission in February 2001 resulted not only in contract signings for Alberta companies, but it also raised the profile of Alberta, our economy and business community, our technology, and our ability to do business in China. The Economic Development Minister witnessed eight signings in Beijing worth more than $730 million. There were four signings in Shanghai worth over $13 million. The contracts related to residential housing, education, natural gas, and livestock genetics and production. The Alberta China Office sponsored a round table discussion with the Minister in which 30 companies discussed issues of importance to their participation in international trade with China. With an uplifted profile, Alberta's China Office expects continued contact with Chinese companies looking for Alberta technology and expertise.

Success Story: South Korea

World Class Oil Sands Resource Attracts Potential Investment

The Korean National Oil Corporation (KNOC) and the Alberta Government signed a joint Memorandum of Understanding (MOU) in February 2001 to examine investment opportunities in Alberta's oil sands industry. [illegible] energy companies to Alberta to further investigate the opportunities. Alberta's Economic Development Minister credited the Province's International Office in Seoul for having laid the groundwork leading to the MOU and other potential Korean investment in Alberta.

The offices' mandate includes promoting awareness of Alberta abroad. Activities toward this end involve organizing trade missions of Alberta companies, hosting information sessions for international investors and, in some cases, hosting a website that showcases Alberta. These promotional activities have involved approximately 3,500 seminar participants and have resulted in more than 40 references in international media and almost 70,000 user sessions on various office websites. Generally speaking, the more intense the marketing effort, especially in full-service offices, the greater the volume of inquiries generated. Full service offices also prove to be indispensable in the organization of trade missions to target markets. Specifically, full-service offices participated in the organization of 100 of 132 outgoing missions to the target markets in the last six months of the fiscal year, and an additional 68 incoming missions to Alberta. The results indicate that the higher the staff complement in any given office, the more opportunities there are to facilitate trade missions.

"Thank you for arranging for my trip to Liaohe. It was a good experience and I now have a better understanding of what oilfield people would like to know. I will e-mail more information on down-hole temperature and pressure monitoring device and sand lifting technology as requested by the Liaohe people."

K.C. Yeung
Supervisor, Special Services, Heavy Oil
Suncor
Calgary, Alberta

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FUTURE PLANS AND CONSIDERATIONS: EXPANDING THE NETWORK

As indicated throughout this report, priority has been attached to efforts to improve data collection and reporting procedures such that performance can be more accurately and consistently measured on an objective, empirical basis within and among Alberta's International Offices.

The current action plan to accomplish that encompasses four steps:

- Holding regular meetings – at least twice a year – of all International Managing Directors to improve understanding of international issues, to share and discuss common concerns, and to identify opportunities for standardized data collection and reporting.
- Setting 2001 – 2002 performance targets based on benchmarks established using available year 2000 data.
- Revising performance measures and developing new ones based on the experience gained during the initial process with new report templates ready for use for the April 2001 to March 2002 reporting period.
- Implementing the client satisfaction survey as close as possible to the time services are provided.

In October 2000, while attending Alberta Days in Germany, Premier Klein confirmed that Alberta "needed to be where the action was taking place" and that the government was willing to open one office in Europe and one in Mexico. In doing so, the government would collaborate with Canadian consulates and embassies in co-location arrangements to maximize the efficiencies associated with the new office establishments and operations.

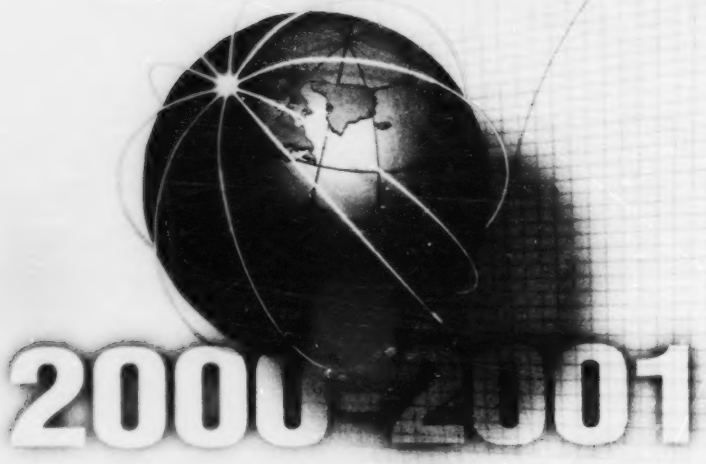
An updated International Representation Strategy had earlier been presented by Alberta Economic Development recommending that existing representation levels in Asia and the US be maintained at current levels and that representation in Mexico and the European Union also be established.

That recommendation, presented now in the new light of an ongoing commitment to measure the effectiveness of Alberta's international office network, is restated here.

CONCLUSION

Opening markets, opening and informing minds, breaking down barriers of knowledge and culture, Alberta's International Offices are designed to be front-line catalysts for the creation of global opportunities. As dynamic as the markets themselves, empirical evaluation of their performance, though entirely justifiable, can be and has been an elusive process.

This report has made progress assessing the performance of Alberta's International Offices and promises further progress ahead. Sufficient information – especially in the form of positive client feedback supporting the continued operation of the office network and recommending its expansion – has been provided to help establish future priorities and directions.



APPENDICES

Appendix One: Input Measurements

The following table lists budgeted versus actual expenditures for each office for the last fiscal year. As might be expected, expenditures are highly influenced by varying exchange rates among markets and, for this particular reporting period, by a high rate of staff relocation (e.g., three managing directors were newly posted).

Including Harbin, there were six instances of spending under-budget. In the case of the Taiwan office, it should be noted that "savings" were realized primarily as a result of a full-year representative position vacancy.

There were three instances of spending over-budget. But overall actual expenditures of $4.8 million were nearly 3% under-budget, indicating insightful financial management by Alberta's representatives.

ALBERTA ECONOMIC DEVELOPMENT INTERNATIONAL OFFICES
BUDGET VS. ACTUALS COMPARISON
April 1, 2000 – March 31, 2001
Unaudited

	Original Budget ($)	Actual Exp. as at March 31, 2001 ($)	Available Funds/ Variance ($)	% Not Used/ % Variance
China (Beijing)	628,000	579,000	49,000	7.8%
China Alberta Petroleum Centre	850,000	767,000	83,000	9.8%
Hong Kong	650,000	555,000	95,000	14.6%
Taiwan	170,000	86,000	84,000	49.4%[1]
South Korea	450,000	504,000	-54,000	-12.0%
Japan	1,800,000	1,925,000	-125,000	-6.9%
China (Harbin)	39,000	34,000	5,000	12.8%
U.S.A. (Portland)	269,000	268,000	1,000	0.4%
Mexico	46,000	51,000	-5,000	-10.9%
Total All Offices	**4,902,000**	**4,769,000**	**133,000**	**2.7%**

Notes:

[1] The 49.4% under-budget for the Taiwan Office is the result of the vacancy of the representative position throughout the full fiscal year.

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Appendix Two: Processes/Outcomes

The performance measurement data listed in the following table attempt to capture indicators for the offices in those areas where the type of service offered can be commonly tracked from one office to the next. It should be noted that different cultures and operating environments demand different approaches to doing business in those markets and defy efforts at tabular comparison; thus, the table does not represent the full extent of Alberta's presence or the outcomes of its activities in international markets. As well, data have not yet been provided for a full year and standardization improvements on reporting procedures are required and will be pursued over the next reporting period.

With those qualifications, it is evident that the offices are used by hundreds, in some cases thousands, of people. This is particularly true of Japan, Alberta's second largest export market, though throughout Asia as well

As a means of showcasing Alberta abroad, media references tend to vary from one market to the next. But it is conceivable more than 40 "hits" were generated and reinforced by having an Alberta representative "on the spot" ready and able to promote awareness of the Alberta Advantage and to reach a local mass market in doing so.

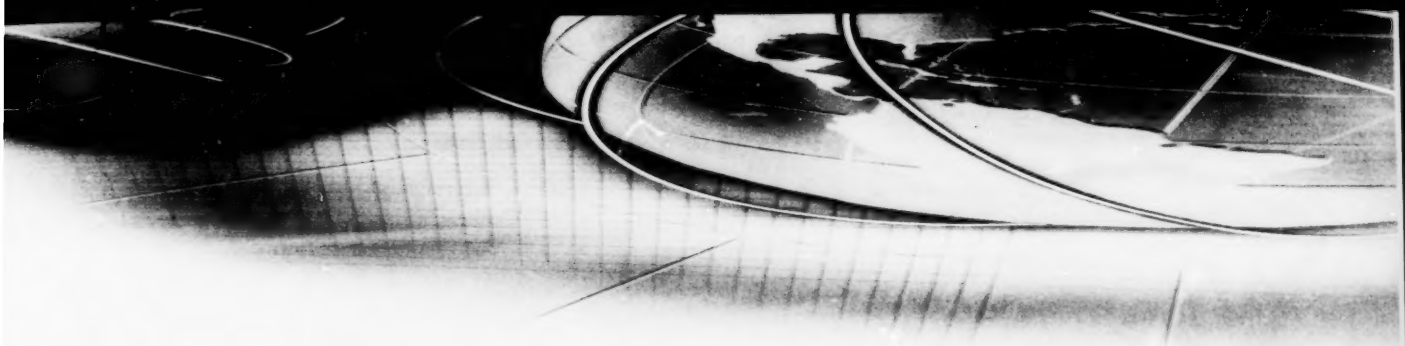
There were more than 100 outgoing missions (about twice as many as incoming to Alberta) across all markets with almost 300 Alberta businesses involved.

There were more than 1,000 business inquiries, the vast majority being resolved in an expedient manner, a result which, again, must be attributed to the advantage of proximity.

About 20% of business introductions – something that would not be possible from a remote location – led to negotiations.

ALBERTA ECONOMIC DEVELOPMENT
INTERNATIONAL OFFICES PERFORMANCE MEASUREMENT
October 2000 – March 2001

	CRITERIA	FULL SERVICE OFFICES	MID SERVICE OFFICES	LIMITED SECTORAL SERVICE OFFICES	TOTAL
2	# of Business Seminars/ Information Sessions	68	12	2	82
2	# of Participants	2577	833	128	3,538
2a.	# of Media References	20	23	1	44
2b.	# of User Sessions	39302	29613	N/A	68,915
2c.	# of Website Content Updates	63	8	N/A	71
3	# of Missions to the Target Market	100	25	7	132
3	# of Alberta Companies Involved	195	61	21	277
3	# of Missions to Alberta	68	4	3	75
3	# of Local Investors/Companies Involved	85	5	14	104
4	# of Qualified Leads	75	75	11	161
4a.	# of Business Inquiries	711	534	46	1,291
4b.	# of Business Introductions	153	356	109	643
4c.	# of Business Introductions Leading to Negotiations	74	51	5	130



Appendix Three: Impact Measurements

Increasing exports of Alberta goods and services to international markets and expanding the amount of foreign direct investment into the Province are among the International Offices' most basic goals. While a number of factors influence the global flow of goods, services and capital – exchange rates, the health and economic wealth of nations, political regimes, rules and regulations and so on – Alberta's International Offices are an important part of the mix. The table presented below represents the impacts of Alberta's presence and activities in selected markets. Data for service trade by market and foreign investment into Alberta cannot be accurately measured and are, therefore, not available. Commodities trade and first hand accounts of international investments made in Alberta are presented as appropriate proxies.

Alberta Exports to Specific Markets

000's of Canadian Dollars

Country	1999	2000	% Change
United States	29,074,340	48,993,066	68.5%
Japan	1,315,507	1,315,799	0.022%
China	560,209	740,623	32.2%
Korea, South	501,736	543,887	8.4%
Mexico	244,836	347,915	42.1%
Taiwan	234,017	219,110	-6.4%
Hong Kong	104,699	105,503	0.8%

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Trade

Alberta's international commodity export performance in 2000 was significantly positive in most markets – notably, in the U.S., Mexico, and China. Marginal growth in Japan is attributed to a sustained economic slowdown in that country. It is conceivable that a diminished Alberta presence in Taiwan (representative position vacant for the year) contributed to the decline in exports to that market.

Investment

International investors interested in establishing or expanding operations into new markets generally suffer no lack of choice, guidance, or invitations from prospective hosts of those investments. Alberta's international offices play an active role promoting the Alberta Advantage and making sure that these investors make the best and right choice. The success of these efforts is reflected in significant levels of foreign direct investment in Alberta, estimated at $50 million in 2000.